

City of Melfort Policy Manual

<i>POLICY TITLE:</i> Asset Management Policy	<i>POLICY NUMBER:</i> 1.3.00	<i>EFFECTIVE DATE:</i> August 14, 2017
<i>ORIGIN:</i> Administration	<i>ADOPTED BY COUNCIL ON:</i> August 14, 2017	<i>AMENDED DATE:</i>

Purpose:

The purpose of this policy is to provide leadership and guidance at the City of Melfort to ensure the strategic development of its asset management program, including roles and responsibilities. The policy will facilitate logical and informed decision-making for the management of the City's infrastructure to support the delivery of sustainable community services.

Background:

A comprehensive approach to asset management will ensure levels of service (LOS) are being delivered in the most efficient and effective manner and that due regard and process are applied to the long-term management and stewardship of the City's capital infrastructure assets. This document will provide a high level statement of the organization's approach, principles and expectations related to asset management and will provide a focus for the creation, implementation, sustainment and continuous improvement of the City's asset management program.

Alignment with Strategic Plan:

This asset management policy aligns with and supports the City of Melfort's *Strategic Plan 2015-2019*. In its Strategic Planning Workgroup sessions, City council and administration considered feedback from all stakeholders and developed 'Infrastructure' as a top Municipal Priority. There are currently two Strategic Directives in place that guide municipal activities and investments related to infrastructure:

- Improve existing infrastructure to meet current and future needs
- Ensure sufficient level of capital investment to deliver sustainable infrastructure services to current and future residents.

The City also lists 'Facilities/Services' as a second Municipal Priority, with strategic overlap with 'Infrastructure'. There are several Strategic Directives included under this priority, including:

- Rehabilitation of Historic Melfort Post Office for future use
- Replacement of the Main Arena with a sports facility
- Expansion of number of sites and completion of improvements to the remainder of the Campgrounds
- Enhancement of the existing sports grounds to encompass the existing Spruce Haven Park and Ball Diamonds

Both Municipal Priorities and their respective Strategic Directives require a data-backed approach and long-term sponsorship by the senior management team. More importantly, they require a philosophical commitment to strategic asset management.

Policy Statement:

The City of Melfort will implement an enterprise-wide asset management program through all City departments. The program will promote lifecycle management of all infrastructure assets, including lowest total cost of ownership and will define the provision of levels of service while balancing customer expectations with overall cost and business risk. The program will be based on continuous improvement with the goal of implementing industry best practices across all asset types and throughout the organization. **The program will include:**

1. An asset registry

The asset registry, or centralized asset database, will maintain an inventory of the City's capital assets including unique ID, description, location information, their value (both historical and replacement), performance characteristics and/or condition, estimated remaining life and estimated repair, rehabilitation or replacement date; and estimated cost for the repair, rehabilitation or replacement.

2. Asset management plans

Updated asset management plans will be developed to incorporate all infrastructure categories. The plans will leverage the data in the registry and known best practices to identify and implement improvements in business processes in order to balance a level of service that meets customer expectations with the costs and risks associated with providing the service. The asset management plans should be updated on a biennial basis to promote, document and communicate continuous improvement of practice.

3. Continuous improvement protocols

A detailed assessment of the maturity of the City's asset management program will be undertaken with the intent of continuous improvement. This assessment would detail our current asset management practice, and outline elements required for implementation to provide a robust program addressing all asset categories and based on international best practices. These identified elements will be brought forward for implementation as part of an Asset Management Road Map in order to advance the maturity of the City's overall asset management program. Elements to be reviewed and advanced include:

- **Data as the foundation for the process**

Valid, defensible data is the foundation of good decision-making. It is essential to collect complete and accurate data for all municipal infrastructure and to maintain this accuracy and currency over time.

- **Condition assessment protocols**

Municipalities need to have a clear understanding regarding the performance and condition of their assets, as all management decisions regarding future expenditures and field activities should be based on this knowledge

- **Risk and Criticality Models**

Risk and criticality models and analysis are key elements of proper asset management practices and programs. Through their use, an asset manager can determine which infrastructure is critical to the organization and can also

rank and rate the level of business risk associated with all of the infrastructure stock. This becomes invaluable when limited internal resources are being used to try and address a significant number of field needs or priorities.

- **Lifecycle Management**

Proper lifecycle management of infrastructure components, networks, and portfolios is how a municipality will establish budgets and make the best use of public funds. The types of preventative maintenance, rehabilitation and replacement activities and the timelines for application for each asset class should be reviewed.

- **Financial Strategy**

The two main risks to financial sustainability for municipalities are providing levels of service that do not reflect fiscal capacity and the cost of infrastructure. As a result, in order for an asset management program to be effectively implemented, it must be integrated with financial planning and long-term budgeting, identifying the need for senior government funding.

- **Level of Service Frameworks**

Desired levels of service are high level indicators, comprising many factors that establish defined quality thresholds at which municipal services should be supplied to the community. They support the organisation's strategic goals and are based on customer expectations, statutory requirements, standards, and the financial capacity of the municipality to deliver those levels of service.

4. Performance Metrics and Reporting

Performance metrics and reporting tools will be developed to transparently communicate and display the current state of practice, including service levels achieved, within the organization and to assist with the path of continuous improvement moving forward.

Roles and Responsibilities:

Council

- Approve the asset management policy and direction of the asset management program
- Approve future amendments to the asset management policy

Senior Management Team (Asset Management Steering Committee)

- Will provide corporate oversight to goals and directions and ensure the asset management program aligns with City of Melfort's *Strategic Plan 2015-2019*
- Ensure that adequate resources are available
- Track, analyze and report on asset management program benefits

Treasurer

- Provide corporate wide leadership in asset management practices and concepts
- Provide asset management steering committee and departmental staff coordination
- Coordinate and track asset management program implementation and progress

Departmental Staff

- Utilize the new business processes and technology tools
- Participate in implementation task teams as part of the asset management development
- Provide support and direction for asset management practices within their department

Principles:

Holistic

Taking a comprehensive approach to asset management that looks at the 'big picture' and considers the combined impact of managing all aspects of the asset lifecycle.

System Focused

Considering the assets in their asset system context, in terms of the different assets and their interrelationships, as opposed to optimizing individual assets in isolation.

Systematic

Adopting a formal, consistent, repeatable approach to the management of infrastructure assets, will enable services to be provided in the most cost effective manner.

Innovative

Continuous improvement will be a key part of our asset management approach and will focus on driving innovation in the development of tools, techniques and solutions.

Forward Looking

Making the appropriate decisions and provisions to better enable our assets to meet the challenges of future customer expectations, legislative requirements and climate change.

Risk-based

Managing the asset risk associated with attaining the agreed levels of service, focusing resources, expenditures and priorities based upon risk and the corresponding cost/benefit

Customer Focus

Having clearly defined levels of service and providing assurance to our customers by adhering to good, or where proven cost effective, best practice asset management processes and systems, supported by continually improving confidence in our asset and customer data.